

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO.
SHARPSBURG WATER DISTRICT) 2017-00075

ORDER

On February 14, 2017, Sharpsburg Water District ("Sharpsburg") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2015 Annual Report Sharpsburg reported a water loss of 22.4294 percent.² Sharpsburg's application provides updated purchases and sales information for a more current period than the 2015 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for rate making purposes a utility's unaccounted-for water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2015 Annual Report,³ Sharpsburg's unaccounted-for water loss is determined to be 22.5538 percent for the updated period.⁴

¹ KRS 278.015; 807 KAR 5:068.

² 2015 Annual Report at 61, line 33.

³ 2015 Annual Report, line 21, divided by line 4, (2,812 divided by 103,458) equals 2.72 percent.

⁴

Total Purchases (application PWA Form 1 pg. 2)	109,736,300
Less Total Sales (application PWA Form 1 pg. 2)	82,003,900
Less plant use (% determined from 2015 AR)	<u>2,982,645</u>
Water loss - gallons	24,749,755
Water loss - percent	22.5538

Reduction of Sharpsburg's unaccounted-for water loss to 15 percent would result in an approximate \$24,617⁵ decrease to purchased water expense. Potentially, Sharpsburg is paying \$0.30 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent⁶ threshold.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Sharpsburg to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Sharpsburg to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Sharpsburg purchases water from Bath County Water District ("Bath County") and the City of Carlisle ("Carlisle").
2. Bath County increased its wholesale rate to Sharpsburg from \$3.38 per 1,000 gallons to \$3.55 per 1,000 gallons effective February 15, 2017.⁷ Sharpsburg proposes to increase the water rates to its customers effective February 15, 2017, to reflect the increased cost of purchased water.

⁵ Water loss above 15 percent 07.5538, Potential purchased water expense reduction (water cost at new wholesale rate times water loss above 15 percent) = \$ 24,617

⁶ Potential purchased water expense reduction divided by sales (\$24,617/(82,003,900/1,000) equals \$0.30/1,000.

⁷ Case No. 2017-00052, *Purchased Water Adjustment Filing of Bath County Water District* (Ky. PSC Feb. 20, 2017).

3. Sharpsburg proposes a purchased water adjustment factor of \$0.17 per 1,000 gallons.

4. During the 12 months ended January 31, 2017, Sharpsburg purchased 78,167,000 gallons of water from Bath County and 31,569,300 gallons from Carlisle. During the same period, Sharpsburg sold 82,003,900 gallons of water. The increase in the cost of purchased water is \$13,288.39, resulting in a purchased water adjustment factor of \$0.17 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.17 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable and should be approved.

6. Sharpsburg's rates proposed in the application should be approved.

7. The rates as set forth in Appendix B to this Order are fair, just, and reasonable and should be approved for water service rendered by Sharpsburg on and after February 15, 2017.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.17 per 1,000 gallons is approved.

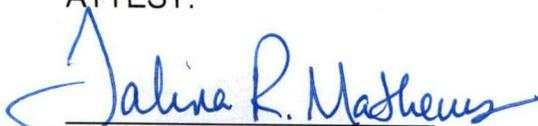
2. The rates as set forth in Appendix B to this Order are approved for water service rendered by Sharpsburg on and after February 15, 2017.

3. Within 20 days of the date of this Order, Sharpsburg shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

By the Commission

ENTERED
MAR 13 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2017-00075

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00075 DATED **MAR 13 2017**

	New Rate	Base Rate
Sharpsburg		
Purchases in gallons	78,167,000	78,167,000
Bath County Volumetric rate	<u>\$ 3.38/1,000</u>	<u>\$ 3.55/1,000</u>
	\$ 277,492.85	\$ 264,204.46

PURCHASES BY RATE INCREMENT

CITY OF CARLISLE

	BILLS	GALLONS	Rate/1,000	REVENUE	
FIRST	1,000	12	12,000	\$11.21	\$134.52
NEXT	4,000		48,000	3.82	183.36
NEXT	5,000		60,000	2.95	177.00
NEXT	5,000		60,000	2.05	123.00
NEXT	10,000		120,000	1.90	228.00
NEXT	25,000		300,000	1.58	474.00
OVER	50,000		30,969,300	1.52	47,073.34
TOTAL	12	31,569,300			\$48,393.22

	New Rate	Base Rate
Total purchases	\$ 325,886.07	\$ 312,597.68

Increased water cost \$ 13,288.39

Increased water cost	\$	13,288.39
Divided by gallons sold/1,000		<u>82,003,900</u>
Purchased water adjustment factor	\$	0.162

or \$ 0.17 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00075 DATED **MAR 13 2017**

The following rates and charges are prescribed for the customers in the area served by Sharpsburg Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8-Inch Meter

First	2,000 Gallons	\$ 25.94 Minimum Bill
Next	3,000 Gallons	6.48 Per 1,000 Gallons
Next	5,000 Gallons	5.82 Per 1,000 Gallons
Over	10,000 Gallons	5.56 Per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$ 45.38 Minimum Bill
Next	5,000 Gallons	5.82 Per 1,000 Gallons
Over	10,000 Gallons	5.56 Per 1,000 Gallons

2-Inch Meter

First	16,000 Gallons	\$ 107.84 Minimum Bill
Over	16,000 Gallons	5.56 Per 1,000 Gallons

*Ms. Gayle Haney
Manager/Distribution Operator
Sharpsburg Water District
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